PATCHOGUE-MEDFORD
UNION FREE SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITOR'S REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT

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R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Patchogue-Medford Union Free School District

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of Patchogue-Medford Union Free School District (the "District"), as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of District's proportionate share of the net pension asset/(liability), schedule of District's pension contributions, and schedule of changes in District's total other post-employment benefits liability and related ratios on pages 1 through 18 and 66 through 70, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary financial information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

R.S. Abrams & Co., LLP
Islandia, NY
October 17, 2024

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The following is a discussion and analysis of the Patchogue-Medford Union Free School District's (the "District") financial performance for the fiscal year ended June 30, 2024. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-Wide and Fund Financial Statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024 are as follows:

- The District's total net deficit, as reflected in the District-Wide Financial Statements, increased by $12,207,637. This was due to expenses of $266,259,001 exceeding total revenues of $254,051,364 based on the accrual basis of accounting.

- On the District-Wide Financials, revenues increased by $24,707,011, or 10.77%, primarily attributable to increases in operating grants and contributions, real property taxes and other tax items, use of money and property, and state sources. Real property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 50.71% and 38.33%, respectively of total revenue.

- On the District-Wide Financial Statements, expenses increased by $26,346,195 or 10.98%, primarily due to increases in instruction and debt service – interest.

- On the Fund Financial Statements, the District's fund balance in the general fund increased by $11,574,187, or 49.80%, due to revenues and other financing sources exceeding expenditures and other financing uses based on the modified accrual basis of accounting.

- As of June 30, 2024, the District has been awarded $16,466,423 in federal grants revenue in relation to the American Rescue Plan (ARP). These grants started March 13, 2020 and end September 30, 2024. These funds are recorded in operating grants and contributions of the Statement of Activities on the District-Wide Financial Statements, and are included in the Special Aid Fund in the governmental fund statements.

- The general fund budget for the 2024-2025 school year was approved by the voters in the amount of $241,343,722. This is an increase of $9,952,684 or 4.30% over the previous year's budget. The increase was primarily due to increases in personnel costs, and employee benefits.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information and other supplementary information.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-Wide Financial Statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

- The remaining statements are *Fund Financial Statements* that focus on *individual parts* of the District, reporting the operations in *more detail* than the District-Wide Financial Statements.

    - The *Governmental Fund Statements* tell how basic services such as instruction and support functions were financed in the *short term* as well as what remains for future spending.

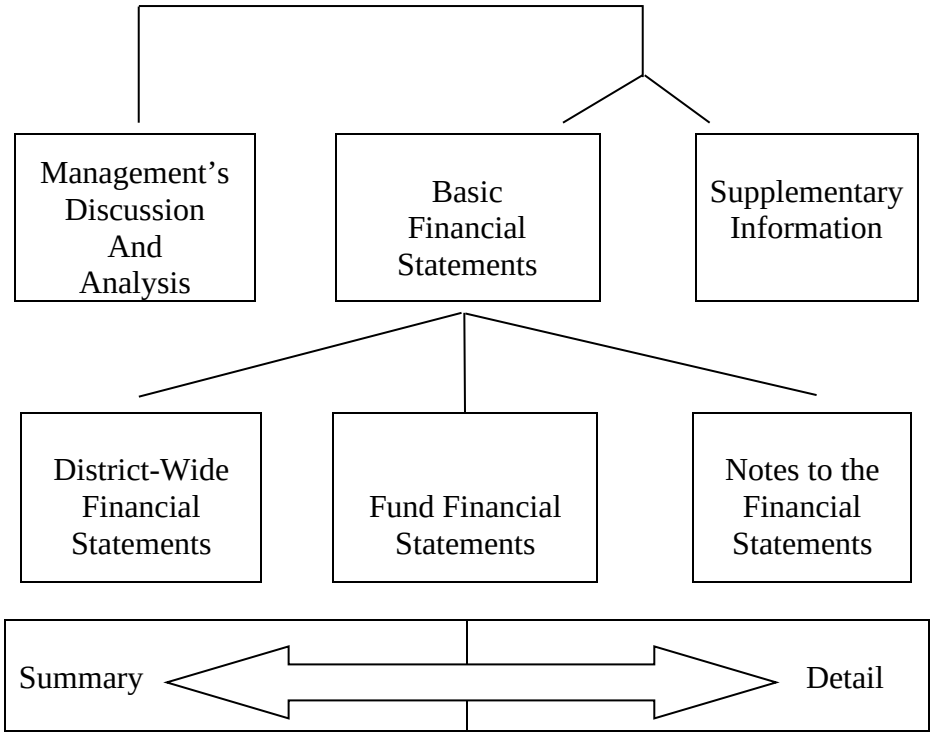
    - *Fiduciary Fund Financial Statements* provide information about the financial relationships in which the District acts solely as a custodian for the benefit of others, such as real property taxes collected on behalf of other governments and disbursed to those governments.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The following Table shows how the various parts of this annual report are arranged and related to one another.

The notes to the basic financial statements provide additional information about the basic financial statements and the balances reported. The basic financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. The following Table shows how the various parts of this annual report are arranged and related to one another.

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Organization of the District's Annual Financial Report



The following Table summarizes the major features of the District's basic financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Financial Statements	Fund Financial Statements	
		Governmental	Fiduciary
Scope	Entire entity (except fiduciary funds)	The day-to-day operating activities of the District, such as special education and instruction	Instances in which the District administers resources on behalf of others
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures and Changes in Fund Balance	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources measurement focus	Modified accrual and current financial resources measurement focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/ deferred inflows or resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets, intangible lease assets, or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets or intangible lease assets, although they can
Type of inflow and outflow information	All revenues and expenses during the year; regardless of when cash is received or paid	Revenues for which cash is received during the year or soon thereafter; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

A) <u>District-Wide Financial Statements</u>:

The District-Wide Financial Statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of

resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-Wide Financial Statements report the District's net position and how it has changed. Net Position, the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets and intangible lease assets are reported as expenditures when financial resources (money) are expended to purchase, build, or finance said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation and amortization is not calculated if it does not provide or reduce current financial resources. Finally, capital assets, intangible lease assets, and long-term debt are both accounted for in account groups and do not affect the fund balances.

District-Wide Financial Statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets and intangible lease assets;
- Report long-term debt as a liability;
- Depreciate capital assets, amortize intangible lease assets, and allocate the depreciation and amortization to the proper program/activities;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - *Net investment* in capital assets;
  - *Restricted net position* is that with constraints placed on the use by external sources (creditors, grantors, contributors or laws or regulations of governments) or approved by law through constitutional provisions or enabling legislation; and
  - *Unrestricted net position* is net position that does not meet any of the above restrictions.

B) Fund Financial Statements:

The Fund Financial Statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established by the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds*: Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the District-Wide Financial Statements, additional schedules explain the relationship (or differences) between them. In summary, the government fund statements focus primarily on the sources, uses and balances of current financial resources and often has a budgetary orientation. Included are the general fund, special aid fund, school lunch fund, debt service fund, miscellaneous special revenue fund, and capital projects fund. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.

- *Fiduciary fund*: The District is the trustee or *fiduciary* for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-Wide Financial Statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This fund reports real property taxes and payments in lieu of taxes (PILOT) collected on behalf of other governments and disbursed to those governments.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A) Net Position:

The District's total net deficit increased by $12,207,637 in the fiscal year ended June 30, 2024 as detailed in the following Table.

Condensed Statement of Net Position - Governmental Activities

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Total Percentage Change
Current assets	$ 78,078,175	$ 64,974,097	$ 13,104,078	20.17%
Non-current assets	106,422,075	108,887,208	(2,465,133)	(2.26%)
Total Assets	184,500,250	173,861,305	10,638,945	6.12%
Deferred outflows of resources	124,133,075	158,023,853	(33,890,778)	(21.45%)
Total Assets and Deferred Outflows of Resources	308,633,325	331,885,158	(23,251,833)	(7.01%)
Current liabilities	23,204,673	22,450,475	754,198	3.36%
Long-term liabilities	522,480,224	508,928,805	13,551,419	2.66%
Total Liabilities	545,684,897	531,379,280	14,305,617	2.69%
Deferred inflows of resources	108,486,837	133,836,650	(25,349,813)	(18.94%)
Total Liabilities and Deferred Inflows of Resources	654,171,734	665,215,930	(11,044,196)	(1.66%)
Net Position				
Net investment in capital assets	66,756,710	59,505,235	7,251,475	12.19%
Restricted	38,089,225	32,564,175	5,525,050	16.97%
Unrestricted (deficit)	(450,384,344)	(425,400,182)	(24,984,162)	5.87%
Total net position (deficit)	$ (345,538,409)	$ (333,330,772)	$ (12,207,637)	(3.66%)

Current assets increased by $13,104,078. This was primarily due to an increase in cash and cash equivalents and receivables, partially offset by decreases in state and federal aid receivable and amounts due from other governments.

Non-current assets decreased by $2,465,133. This was primarily attributable to current year depreciation and amortization, partially offset by current year capital asset and intangible lease asset additions, including capital outlay.

The change in deferred outflows of resources represents amortization of the deferred amounts on refundings as discussed in Note 14, amortization of pension-related items as discussed in Note 15, as well as the amortization of deferred outflows for other post-employment benefits obligation, as discussed in Note 17.

Current liabilities increased by $754,198. This was primarily attributable to increases in accounts payable and accrued liabilities, partially offset by a decrease in due to other governments.

Long-term liabilities increased by $13,551,419, which was primarily attributable to increases in lease liability, compensated absences payable, workers' compensation claims payable, and the total other post-employment benefits obligation, as actuarially determined. This was partially offset by a decrease in bonds payable, energy performance contract debt payable, and net pension liabilities, as actuarially determined.

The changes in deferred inflows of resources represent the deferred inflows of resources related to lease receivable, as well as pension related items and other post-employment benefit obligation, as discussed in Notes 8, 15, and 17, respectively.

The net investment in capital assets, relates to the investment in capital assets at cost and intangible lease assets at the present value of future lease payments remaining on the lease term such as land, construction in progress, buildings and improvements, and machinery and equipment, net of depreciation and amortization and related debt. This number increased from the prior year by $7,251,475 primarily due to the reduction in the principal balance of related debt and District-Wide capital improvements, net of current year depreciation and amortization expense.

The restricted net position at June 30, 2024 is comprised of amounts with constraints placed on the use either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations. Restricted net position increased by $5,525,050.

The unrestricted net deficit of $450,384,344 relates to the balance of the District's net position. The unrestricted net deficit increased by $24,984,162 from the prior year.

B) Changes in Net Position:

The results of operations as a whole are reported in the Statement of Activities. A summary of this Statement for the years ended June 30, 2024 and 2023 is as follows:

Change in Net Position from Operating Results Governmental Activities Only:

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

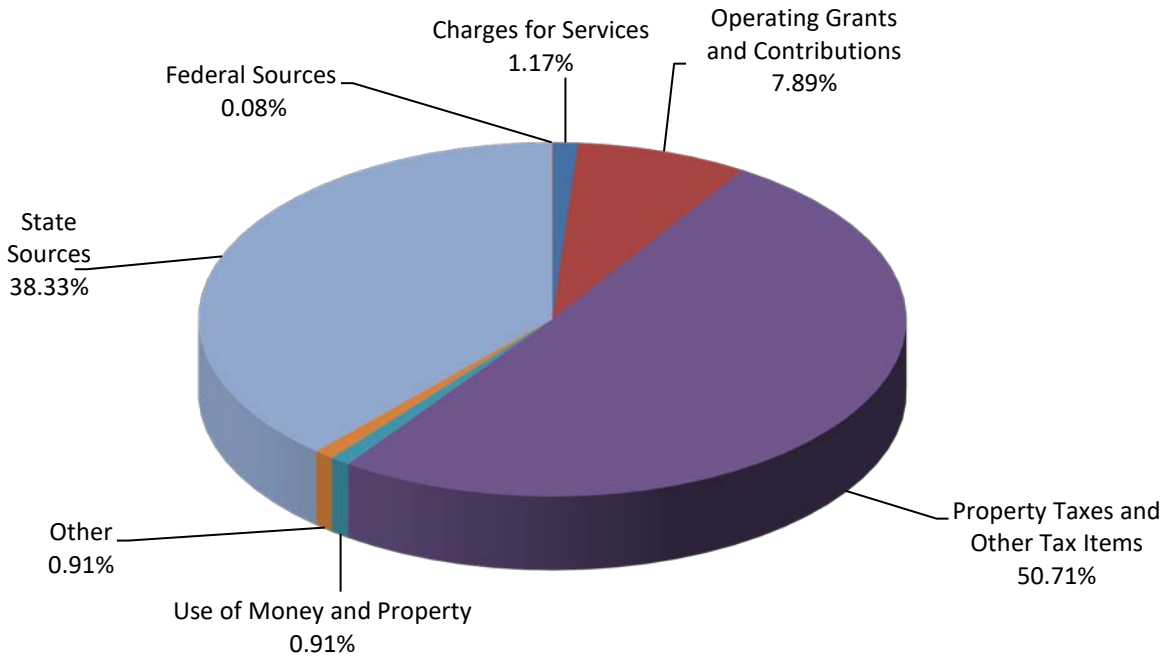
	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Total Percentage Change
Revenues				
Program Revenues				
Charges for services	$ 2,980,025	$ 3,074,861	$ (94,836)	(3.08%)
Operating grants and contributions	20,017,087	16,959,440	3,057,647	18.03%
Capital grants		172,698	(172,698)	(100.00%)
General Revenues				
Real property taxes and other tax items	128,839,162	124,362,736	4,476,426	3.60%
Use of money & property	2,322,082	1,258,287	1,063,795	84.54%
Other	2,307,619	1,709,055	598,564	35.02%
State sources	97,374,554	81,524,081	15,850,473	19.44%
Federal sources	210,835	283,195	(72,360)	(25.55%)
Total Revenues	254,051,364	229,344,353	24,707,011	10.77%
Expenses				
General support	33,172,450	32,911,798	260,652	0.79%
Instruction	213,054,630	187,748,837	25,305,793	13.48%
Pupil transportation	10,455,046	10,293,065	161,981	1.57%
Community services	3,388,966	3,472,838	(83,872)	(2.42%)
Food service program	3,959,358	3,903,755	55,603	1.42%
Debt service - interest	2,228,551	1,582,513	646,038	40.82%
Total Expenses	266,259,001	239,912,806	26,346,195	10.98%
Increase (Decrease) in Net Position	$ (12,207,637)	$ (10,568,453)	$ (1,639,184)	15.51%

The District's fiscal year 2024 revenues totaled $254,051,364. Real property taxes and other tax items, and state sources accounted for most of the District's revenue by contributing 50.71% and 38.33%, respectively of total revenue. The remainder resulted from charges for services, operating grants and contributions, use of money and property, and other miscellaneous sources. Total revenues increased by $24,707,011 or 10.77%. This was primarily attributable to increases in operating grants and contributions, real property taxes and other tax items, use of money and property, and state sources.

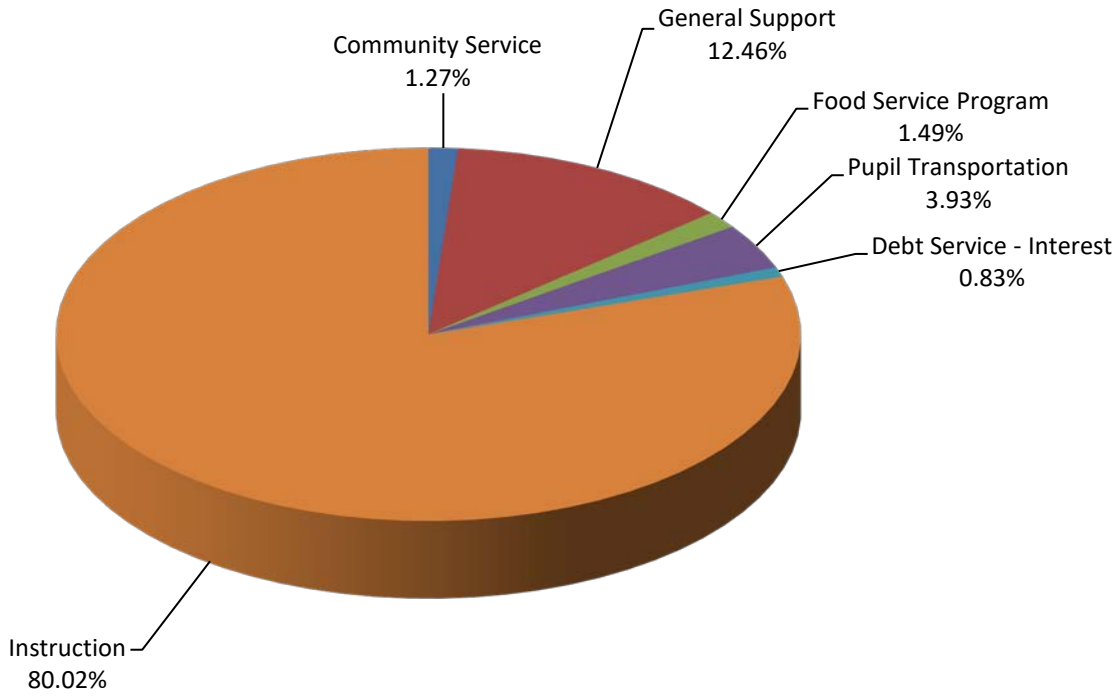
The cost of all programs and services totaled $266,259,001 for fiscal year 2024. These expenses are predominantly related to general instruction and transporting students, which account for 83.95% of District expenses. The District's general support activities accounted for 12.46% of total costs.

The users of the District's programs financed $2,980,025 of the cost. The federal and state governments subsidized certain programs with operating grants and contributions of $20,017,087. Most of the District's net costs of $243,261,889 were financed by District taxpayers and state sources.

Revenues for Fiscal Year 2024



Expenses for Fiscal Year 2024



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the Governmental Fund Financial Statements are not the same as variances between years for the District-Wide Financial Statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

As of June 30, 2024, the District's combined governmental funds reported a total fund balance of $55,381,028, which is an increase of $12,225,800 from the prior year.

A summary of the changes in fund balance for all funds are as follows:

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	2024	2023	Increase (Decrease)	Total Percentage Change
General Fund				
Restricted				
Retirement contribution - ERS	$ 7,656,965	$ 5,529,444	$ 2,127,521	38.48%
Retirement contribution - TRS	1,572,723	1,021,457	551,266	53.97%
Capital	2,173,502	111,328	2,062,174	1852.34%
Insurance	227,175	216,318	10,857	5.02%
Employee benefit accrued liability	9,859,094	9,387,918	471,176	5.02%
Workers' compensation	1,589,872	1,037,786	552,086	53.20%
Unemployment insurance	55,837	53,168	2,669	5.02%
Assigned				
Designated for subsequent year's expenditures	1,435,000		1,435,000	N/A
General support	289,639	145,892	143,747	98.53%
Instruction	366,633	70,030	296,603	423.54%
Community services	4,025		4,025	N/A
Unassigned	9,584,592	5,667,529	3,917,063	69.11%
Total Fund Balance - General Fund	34,815,057	23,240,870	11,574,187	49.80%
School Lunch Fund				
Nonspendable: inventory	90,774	132,495	(41,721)	(31.49%)
Assigned - unappropriated	2,133,723	1,306,902	826,821	63.27%
Total Fund Balance - School Lunch Fund	2,224,497	1,439,397	785,100	54.54%
Debt Service Fund				
Restricted	-	17,620	(17,620)	(100.00%)
Total Fund Balance - Debt Service Fund	-	17,620	(17,620)	(100.00%)
Miscellaneous Special Revenue Fund				
Restricted - scholarships and donations	1,036,863	1,055,455	(18,592)	(1.76%)
Assigned - extraclassroom activities	468,155	423,113	45,042	10.65%
Total Fund Balance - Miscellaneous Special Revenue Fund	1,505,018	1,478,568	26,450	1.79%
Capital Projects Fund				
Restricted - capital reserve	13,917,194	14,133,681	(216,487)	(1.53%)
Assigned - unappropriated	2,919,262	2,845,092	74,170	2.61%
Total Fund Balance - Capital Projects Fund	16,836,456	16,978,773	(142,317)	(0.84%)
Total Fund Balances - All Funds	$ 55,381,028	$ 43,155,228	$ 12,225,800	28.33%

Changes to fund balances can be attributed to the following:

A) General Fund:

The fund balance in the general fund increased $11,574,187, or 49.80%, as a result of revenues and other financing sources of $233,007,181 exceeding expenditures and other financing uses of $221,432,994.

A summary of changes in revenues, other financing sources, expenditures, and other financing uses for the general fund for the fiscal years ended June 30, 2024 and 2023 is as follows:

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Fiscal Year 2024	Fiscal Year 2023	Increase/ (Decrease)	Total Percentage Change
Revenues				
Real property taxes	$ 118,405,588	$ 112,734,719	$ 5,670,869	5.03%
Other tax items - including STAR	10,433,574	11,628,017	(1,194,443)	(10.27%)
Charges for services	1,756,825	1,405,774	351,051	24.97%
Use of money and property	2,279,177	863,949	1,415,228	163.81%
Sale of property and compensation for loss	285,405	368,344	(82,939)	(22.52%)
Miscellaneous	1,738,668	1,346,317	392,351	29.14%
State sources	97,374,554	81,524,081	15,850,473	19.44%
Federal sources	243,101	315,082	(71,981)	(22.85%)
Total Revenues	232,516,892	210,186,283	22,330,609	10.62%
Other Financing Sources				
Premium on obligations	278,300	357,240	(78,940)	(22.10%)
Operating transfers in	211,989	791,460	(579,471)	(73.22%)
Total Other Financing Sources	490,289	1,148,700	(658,411)	(57.32%)
Expenditures				
General support	22,477,049	22,157,479	319,570	1.44%
Instruction	116,633,986	107,673,705	8,960,281	8.32%
Pupil transportation	9,399,411	9,360,525	38,886	0.42%
Community Service	1,905,439	2,142,386	(236,947)	(11.06%)
Employee benefits	57,158,719	52,457,545	4,701,174	8.96%
Debt service - principal	39,506	20,948	18,558	88.59%
Debt service - interest	1,621,711	1,243,257	378,454	30.44%
Total Expenditures	209,235,821	195,055,845	14,179,976	7.27%
Other Financing Uses				
Operating transfers out	12,197,173	25,919,777	(13,722,604)	(52.94%)
Total Other Financing Uses	12,197,173	25,919,777	(13,722,604)	(52.94%)
Net Change in Fund Balances	$ 11,574,187	$ (9,640,639)	$ 21,214,826	N/A

Revenues increased when compared to the prior year, primarily due to the following:

- Real property taxes increased due to a rise in the tax levy in accordance with the 2023-2024 voter approved budget.
- Use of money and property increased due to an increase in interest rates.
- Revenues from state sources increased due to the District receiving more foundation aid due to the completion of the full phase-in of the state foundation aid formula, in addition to increases in excess cost aid.

Expenditures increased when compared to the prior year, primarily due to the following:

- Central services increased due to more spent-on repairs and maintenance and data processing services provided by BOCES.
- Instruction increased due to salary increases and pupil services expenditures.
- Employee benefits increased due to higher premium costs for medical insurance and increases in retirement payouts.

The following is a summary of the general fund's restricted fund balance activity for the fiscal year ended June 30, 2024:

	Balance	Funding	Interest	Use	Balance
Retirement contribution					
Employees' retirement system	$ 5,529,444	$ 1,850,000	$ 277,521	$ -	$ 7,656,965
Teachers' retirement system	1,021,457	500,000	51,266		1,572,723
Capital	111,328	1,500,000	562,174		2,173,502
Insurance	216,318		10,857		227,175
Employee benefit accrued liability reserve	9,387,918		471,176		9,859,094
Workers' compensation	1,037,786	500,000	52,086		1,589,872
Unemployment insurance	53,168		2,669		55,837
Total Restricted Fund Balance	$17,357,419	$ 4,350,000	$ 1,427,749	$ -	$ 23,135,168

B) School Lunch Fund

Fund balance in the school lunch fund increased by $785,100. This increase was primarily due to an increase in federal and state revenues as a result of the district being eligible for CEP (Community Eligibility Provision), as of December 1, 2023. CEP allows the District to offer free meals to all students for breakfast and lunch.

C) Debt Service Fund

The fund balance in the debt service fund decreased by $17,620 as a result of expenditures exceeding other financing sources.

D) Miscellaneous Special Revenue Fund:

The fund balance in the miscellaneous special revenue fund increased $26,450. This increase is due to an increase in the balance for extraclassroom activities, net of a decrease in the balance for scholarships as a result of scholarship awards being higher than donations received.

E) Capital Projects Fund

Fund balance in the capital projects fund decreased by $142,317. This decrease was due to funds spent on capital projects in the current year that were funded in the prior year. The capital projects

fund recognized $1,500,000 in revenues from an interfund transfer from the general fund. The transfer was for District-Wide improvements at the High School related to expansion of the in-house Career and Technical Education (CTE) program for cosmetology. The capital projects fund had $1,430,328 in capital outlay expenditures and $211,989 of unspent, previously authorized interfund transfer project funds that was transferred back to the general fund.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A) 2023-2024 Budget:

The District's general fund original budget for the year ended June 30, 2024 was $231,391,038. This amount was increased by encumbrances carried forward from the prior year in the amount of $215,922, which resulted in a final budget of $231,606,960. The majority of the funding was from real property taxes and other tax items, and state sources of $226,159,315.

B) Change in the General Fund Unassigned Fund Balance (Budget to Actual):

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net from transfers to reserves and assignments to fund prior years' budgets. It is this balance that is commonly referred to as "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget are as follows:

Opening, unassigned fund balance	$ 5,667,529
Revenues and other financing sources over budget	1,616,143
Expenditures, other financing uses, and encumbrances under budget	9,513,669
Funding to reserves	(4,350,000)
Assigned, appropriated for June 30, 2025 budget	(1,435,000)
Interest allocated to reserves	(1,427,749)
Closing, unassigned fund balance	$ 9,584,592

The opening unassigned fund balance of $5,667,529 is the June 30, 2023 unassigned fund balance.

The revenues and other financing sources were over budget in the amount of $1,616,143. This was primarily due to a favorable variance in use of money and property due to increases in interest rates on deposits.

The expenditures, other financing uses, and encumbrances under budget in the amount of $9,513,669 were primarily attributable to the following expenditure areas: central services, teaching regular school, programs for children with handicapping conditions, and employee benefits (refer to Supplemental Schedule #1 for more detail).

The District funded the reserves in the amount of $4,350,000 as detailed on page 14.

Interest of $1,427,749 was allocated to the reserves as detailed on page 14.

The assigned-appropriated fund balance of $1,435,000 for the June 30, 2025 budget is the amount the District has chosen to use to partially fund its operating budget for 2024-2025.

The closing unassigned fund balance of $9,584,592 represents the fund balance retained by the District that is not restricted or assigned for subsequent year's taxes. This amount is limited to 4.00% of the 2024/2025 budget.

The change in fund balance is discussed further in Management Discussion and Analysis Section 4, Financial Analysis of the District's Funds.

6. CAPITAL ASSET, INTANGIBLE LEASE ASSETS, AND DEBT ADMINISTRATION

A) Capital Assets and Intangible Lease Assets:

The District paid for furniture and equipment, vehicles, and various additions and renovations during fiscal year 2024. A summary of the District's net capital assets is as follows:

Category	Fiscal Year 2024	Fiscal Year 2023	Increase (Decrease)	Percentage Change
Land	$ 2,827,925	$ 2,827,925	$ -	0.00%
Construction in progress	2,740,967	1,310,639	1,430,328	109.13%
Land improvements	5,970,838	5,970,838	-	0.00%
Buildings and building improvements	199,396,994	199,396,994	-	0.00%
Furniture and equipment	6,072,763	5,511,242	561,521	10.19%
Subtotal	217,009,487	215,017,638	1,991,849	0.93%
Less: Accumulated Depreciation	110,867,057	106,130,430	4,736,627	4.46%
Total Net Capital Assets, Net	$ 106,142,430	$ 108,887,208	$ (2,744,778)	(2.52%)
Intangible Lease Assets, Net	$ 185,285	$ -	$ 185,285	N/A

Depreciation expense was $4,878,271 and amortization expense was $39,506 for fiscal year ended June 30, 2024. See Note 9 to the financial statements for additional detail.

B) Long-Term Debt

At June 30, 2024 the District had total long-term debt comprised of bonds payable (inclusive of unamortized premiums), lease liability, and energy performance debt payable of $39,767,917. The debt was issued for District-Wide projects. The decrease in outstanding debt represents principal payments made during the fiscal year, partially offset by an increase in lease liability as a result of proceeds from lease obligations. More detailed information about the District's long-term debt is presented in the Note 13 to the financial statements.

A summary of outstanding debt at June 30, 2024 and 2023 is as follows:

	2024	2023	Increase (Decrease)
Construction serial bonds (inclusive of unamortizd premiums)	$ 34,804,822	$ 43,882,644	$ (9,077,822)
Lease liability	185,285	-	185,285
Energy performance debt payable	4,777,810	5,507,243	(729,433)
Total	$ 39,767,917	$ 49,389,887	$ (9,621,970)

7. FACTORS BEARING ON THE DISTRICT'S FUTURE

A) The District issued $48,000,000 in tax anticipation notes on September 11, 2024, with a stated interest rate of 4.0% maturing on June 24, 2025. In addition, the District received a premium of $290,400 on the note, which resulted in a net interest rate of 3.2304%.

B) The general fund budget for the 2024/2025 fiscal year was approved by the voters on May 21, 2024, in the amount of $241,343,722. This is an increase of $9,952,684 or 4.30% over the previous year's budget.

C) The District was awarded funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) through the Elementary and Secondary School Emergency Relief Program (ESSER), and the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended. As of June 30, 2024, the District has expended funds as follows:

Funding Source	Grant Amount Awarded	Cumulative Amount Expended as of June 30, 2024
CRRSA - ESSER 2	$ 6,750,997	$ 6,750,997
CRRSA - GEER 2	646,577	646,577
	$ 7,397,574	$ 7,397,574

D) The District was awarded funding as of June 30, 2024 from the American Rescue Plan (ARP) as noted below. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the Special Aid Fund as they are expended.

Funding Source	Grant Amount Awarded	Cumulative Amount Expended as of June 30, 2024
ARP - ESSER 3	$ 7,282,782	$ 4,586,533
ARP - SLR Summer Enrichment	1,257,078	1,195,026
ARP - SLR Comprehensive A	1,257,078	1,104,799
ARP - SLR Learning Loss	6,285,214	5,129,273
ARP - Homeless II	40,725	32,725
ARP - Homeless II SL	1,767	1,760
ARP - IDEA Part B, Section 611	297,558	261,378
ARP - IDEA Part B, Section 619	44,221	26,875
	$ 16,466,423	$ 12,338,369

8. CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Patchogue-Medford Union Free School District
Dr. Donna Jones, Superintendent of Schools
241 South Ocean Avenue
Patchogue, New York 11772
(631) 687-6380

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current assets	
Cash and cash equivalents	
Unrestricted	$ 30,141,160
Restricted	38,089,225
Receivables	
Accounts receivable	32,457
State and federal aid	9,475,962
Due from other governments	248,597
Inventory	90,774
Non-current assets	
Receivables due within one year	
Lease receivable due within one year	48,040
Receivables due after one year	
Lease receivable due after one year	46,320
Capital assets	
Non-depreciable capital assets	5,568,892
Capital assets, net of accumulated depreciation	100,573,538
Intangible lease assets, net of accumulated amortization	185,285
TOTAL ASSETS	184,500,250
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	232,948
Pensions	43,301,432
Other post-employment benefits obligation	80,598,695
TOTAL DEFEREED OUTFLOWS OF RESOURCES	124,133,075
LIABILITIES	
Payables	
Accounts payable	3,819,575
Accrued liabilities	2,831,269
Due to other governments	3,869,702
Due to fiduciary fund	113
Due to teachers' retirement system	10,281,215
Due to employees' retirement system	676,804
Compensated absences payable	603,359
Accrued interest payable	532,598
Unearned credits	
Collections in advance	590,038
Long-term liabilities	
Due and payable within one year	
Bonds payable, inclusive of unamortized premium	9,432,822
Lease liability	54,515
Energy performance contract debt payable	747,752
Compensated absences payable	1,223,297
Workers' compensation claims payable	1,166,296
Total other post-employment benefits obligation	13,202,570
Due and payable after one year	
Bonds payable, inclusive of unamortized premium	25,372,000
Lease liability	130,770
Energy performance contract debt payable	4,030,058
Compensated absences payable	9,855,405
Workers' compensation claims payable	1,471,714
Net pension liability-proportionate share-employees' retirement system	8,128,747
Net pension liability-proportionate share-teachers' retirement system	5,392,241
Total other post-employment benefits obligation	442,272,037
TOTAL LIABILITIES	545,684,897
DEFERRED INFLOWS OF RESOURCES	
Leases	94,360
Pensions	8,233,642
Other post-employment benefits obligation	100,158,835
TOTAL DEFERRED INFLOWS OF RESOURCES	108,486,837
NET POSITION	
Net investment in capital assets	66,756,710
Restricted:	
Retirement contribution	
Employee retirement system	7,656,965
Teachers' retirement system	1,572,723
Capital	16,090,696
Insurance	227,175
Employee benefit accrued liability	9,859,094
Workers' compensation	1,589,872
Unemployment insurance	55,837
Scholarships and donations	1,036,863
	38,089,225
Unrestricted (deficit)	(450,384,344)
TOTAL NET POSITION (DEFICIT)	$ (345,538,409)

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS / PROGRAMS				
General support	$ (33,172,450)	$ -	$ 1,218,921	$ (31,953,529)
Instruction	(213,054,630)	2,318,208	14,392,651	(196,343,771)
Pupil transportation	(10,455,046)		328,121	(10,126,925)
Community service	(3,388,966)			(3,388,966)
Food service program	(3,959,358)	661,817	4,077,394	779,853
Debt service - interest	(2,228,551)			(2,228,551)
TOTAL FUNCTIONS AND PROGRAMS	(266,259,001)	2,980,025	20,017,087	(243,261,889)
GENERAL REVENUES				
Real property taxes				118,405,588
Other tax items - including STAR reimbursement				10,433,574
Use of money and property				2,322,082
Sale of property and compensation for loss				285,405
Miscellaneous				2,022,214
State sources				97,374,554
Federal sources				210,835
TOTAL GENERAL REVENUES				231,054,252
CHANGE IN NET POSITION				(12,207,637)
TOTAL NET POSITION (DEFICIT) - BEGINNING OF YEAR				(333,330,772)
TOTAL NET POSITION (DEFICIT) - END OF YEAR				$ (345,538,409)

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
ASSETS							
Cash and cash equivalents							
Unrestricted	$ 21,930,322	$ 195	$ 1,754,665	$ 3,247,732	$ 475,142	$ 2,733,104	$ 30,141,160
Restricted	23,135,168				1,036,863	13,917,194	38,089,225
Receivables							
Accounts receivable	16,738		9,654		6,065		32,457
State and federal aid	5,308,724	2,851,995	811,324			503,919	9,475,962
Due from other governments	248,597						248,597
Due from other funds	5,269,928						5,269,928
Lease receivable	94,360						94,360
Inventory			90,774				90,774
TOTAL ASSETS	$ 56,003,837	$ 2,852,190	$ 2,666,417	$ 3,247,732	$ 1,518,070	$ 17,154,217	$ 83,442,463
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Payables							
Accounts payable	$ 3,418,746	$ 338,306	$ 13,435	$ -	$ 13,052	$ 36,036	$ 3,819,575
Accrued liabilities	2,621,311	96,970	112,988				2,831,269
Due to other governments	3,378,808	486,375	132			4,387	3,869,702
Due to other funds	113	1,722,103	22,755	3,247,732		277,338	5,270,041
Due to teachers' retirement system	10,281,215						10,281,215
Due to employees' retirement system	629,188		47,616				676,804
Compensated absences payable	603,359						603,359
Unearned credits							
Collections in advance	136,608	208,436	244,994				590,038
TOTAL LIABILITIES	21,069,348	2,852,190	441,920	3,247,732	13,052	317,761	27,942,003
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	25,072						25,072
Leases	94,360						94,360
TOTAL DEFERRED INFLOWS OF RESOURCES	119,432	-	-	-	-	-	119,432
FUND BALANCES							
Non-spendable: inventory			90,774				90,774
Restricted:							
Retirement contribution							
Employee retirement system	7,656,965						7,656,965
Teachers' retirement system	1,572,723						1,572,723
Capital	2,173,502					13,917,194	16,090,696
Insurance	227,175						227,175
Employee benefit accrued liability	9,859,094						9,859,094
Workers' compensation	1,589,872						1,589,872
Unemployment insurance	55,837						55,837
Scholarships and donations					1,036,863		1,036,863
Assigned:							
Appropriated fund balance	1,435,000						1,435,000
Unappropriated fund balance	660,297		2,133,723		468,155	2,919,262	6,181,437
Unassigned							
Unassigned fund balance (deficit)	9,584,592						9,584,592
TOTAL FUND BALANCES	34,815,057	-	2,224,497	-	1,505,018	16,836,456	55,381,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 56,003,837	$ 2,852,190	$ 2,666,417	$ 3,247,732	$ 1,518,070	$ 17,154,217	$ 83,442,463

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2024

Total Governmental Fund Balances		$ 55,381,028
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building and acquiring capital assets (land, buildings, furniture and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	$ 217,009,487	
Accumulated depreciation	(110,867,057)	106,142,430
The present value cost of leasing capital assets financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position include those intangible lease assets among the assets of the District as a whole, and their original present value costs are expensed annually over the shorter of their useful lives or the length of the lease agreements.		
Original present value cost of intangible lease assets	$ 224,791	
Accumulated amortization	(39,506)	185,285
Deferred outflows of resources - Governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. At year end the District had deferred amounts on bond refunding which amounted to		232,948
Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to pensions that will be recognized as expenditures in future periods amounted to		43,301,432
Deferred outflows of resources - The Statement of Net Position recognizes expenses incurred under the full accrual method. Governmental funds recognize expenditures under the modified accrual method. Deferred outflows related to other post-employment benefits obligation that will be recognized as expenditures in future periods amounted to		80,598,695
Payables that are associated with long-term liabilities that are not payable in the current period are not reported as liabilities in the funds. Additional payables relating to long-term liabilities at year end consisted of:		
Accrued interest payable		(532,598)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of:		
Bonds payable, inclusive of unamortized premium	$ (34,804,822)	
Lease liability	(185,285)	
Energy performance contract debt payable	(4,777,810)	
Compensated absences payable	(11,078,702)	
Workers' compensation claims payable	(2,638,010)	
Net pension liability-proportionate share-employees' retirement system	(8,128,747)	
Net pension liability-proportionate share-teachers' retirement system	(5,392,241)	
Total other post-employment benefits obligation	(455,474,607)	(522,480,224)
Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to pensions that will be recognized as a reduction in pension expense in future periods amounted to		(8,233,642)
Deferred inflows of resources - The Statement of Net Position recognized revenues and expenses received under the full accrual method. Governmental funds recognize revenue and expenditures under the modified accrual method. Deferred inflows related to other post-employment benefit obligation that will be recognized as a reduction in expense in future periods amounted to		(100,158,835)
Deferred inflows of resources - state aid - The Statement of Net Position recognizes revenues received under the full accrual method. Governmental funds recognize revenue under the modified accrual method.		25,072
Total Net Position		$ (345,538,409)

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Special Aid	School Lunch	Debt Service	Miscellaneous Special Revenue	Capital Projects	Total Governmental Funds
REVENUES							
Real property taxes	$ 118,405,588	$ -	$ -	$ -	$ -	$ -	$ 118,405,588
Other tax items - including STAR reimbursement	10,433,574						10,433,574
Charges for services	1,756,825				561,383		2,318,208
Use of money and property	2,279,177		1		42,904		2,322,082
Sale of property and compensation for loss	285,405						285,405
Miscellaneous	1,738,668		5,246		52,884		1,796,798
Local sources		12,460					12,460
State sources	97,374,554	3,403,065	979,912				101,757,531
Federal sources	243,101	12,439,018	2,827,383				15,509,502
Surplus food			270,099				270,099
Sales			661,817				661,817
TOTAL REVENUES	232,516,892	15,854,543	4,744,458	-	657,171	-	253,773,064
EXPENDITURES							
General support	22,477,049	1,218,921					23,695,970
Instruction	116,633,986	14,564,783			630,721		131,829,490
Pupil transportation	9,399,411	328,121					9,727,532
Community service	1,905,439						1,905,439
Employee benefits	57,158,719						57,158,719
Debt service - principal	39,506			8,899,433			8,938,939
Debt service - interest	1,621,711			1,558,078			3,179,789
Cost of sales			3,959,358				3,959,358
Capital outlay						1,655,119	1,655,119
TOTAL EXPENDITURES	209,235,821	16,111,825	3,959,358	10,457,511	630,721	1,655,119	242,050,355
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	23,281,071	(257,282)	785,100	(10,457,511)	26,450	(1,655,119)	11,722,709
OTHER FINANCING SOURCES AND (USES)							
Premiums on obligations	278,300						278,300
Operating transfers in	211,989	257,282		10,439,891		1,500,000	12,409,162
Operating transfers (out)	(12,197,173)					(211,989)	(12,409,162)
Leases	-					224,791	224,791
TOTAL OTHER FINANCING SOURCES AND (USES)	(11,706,884)	257,282	-	10,439,891	-	1,512,802	503,091
NET CHANGE IN FUND BALANCES	11,574,187	-	785,100	(17,620)	26,450	(142,317)	12,225,800
FUND BALANCES - BEGINNING OF YEAR	23,240,870	-	1,439,397	17,620	1,478,568	16,978,773	43,155,228
FUND BALANCES - END OF YEAR	$ 34,815,057	$ -	$ 2,224,497	$ -	$ 1,505,018	$ 16,836,456	$ 55,381,028

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net Change in Fund Balances		$ 12,225,800
Amounts reported for governmental activities in the Statement of Activities are different because:		
Long-Term Revenue and Expense Differences		
In the Statement of Activities, certain operating expenses are measured by amounts earned or incurred during the year. In the governmental funds, expenditures for this item is measured by the amount of financial resources used.		
Increase in compensated absences payable	$ (388,172)	
Increase in workers' compensation claims payable	(629,298)	(1,017,470)
Changes in the proportionate share of net pension asset/liability, and total other post-employment benefits obligation, and related deferred inflows and outflows reported in the Statement of Activities do not provide for or require use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.		
Employees' retirement system	$ (1,578,123)	
Teachers' retirement system	(6,003,878)	
Other post-employment benefits	(22,939,859)	(30,521,860)
Capital Related Differences		
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and reported on the Statement of Net Position and allocated to the governmental functions. Depreciation is based on the useful lives of the asset and are expensed as incurred on the Statement of Activities:		
Capital outlays	$ 2,133,493	
Depreciation expense	(4,878,271)	(2,744,778)
Intangible lease outlays to lease assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual amortization expense in the Statement of Activities:		
Intangible lease outlays	$ 224,791	
Amortization expense	(39,506)	185,285
Long-Term Debt Differences		
Proceeds from leases are recorded as an other financing sources in the governmental funds, but it increases long-term liabilities on the Statement of Net Position and does not affect the Statement of Activities.		(224,791)
Premiums and deferred amounts on debt refundings are recognized when incurred on the governmental fund statements. The net amounts are amortized over the life of the debt issued in the Statement of Activities. The net amount that was issued and amortized in the current year was		827,158
Repayment of a bond principal is an expenditure in the governmental funds, but reduces bonds payable on the Statement of Net Position and does not affect the Statement of Activities.		8,170,000
Repayment of lease obligations principal is reported as an expenditure in the governmental funds, but reduces long-term lease liability in the Statement of Net Position and does not affect the Statement of Activities.		39,506
Repayment of energy performance contract debt payable is reported as an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		729,433
Interest on long-term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statements of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest changed by:		124,080
Change in Net Position		$ (12,207,637)

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUND
JUNE 30, 2024

	Custodial
ASSETS	
Due from governmental funds	$ 113
TOTAL ASSETS	$ 113
LIABILITIES	
Due to other governments	$ -
TOTAL LIABILITIES	-
NET POSITION	
Restricted	113
TOTAL NET POSITION	113
TOTAL LIABILITIES AND NET POSITION	$ 113

See Accompanying Notes to Financial Statements

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Custodial
ADDITIONS	
Real property taxes collected for Library	$ 9,284,153
TOTAL ADDITIONS	9,284,153
DEDUCTIONS	
Real property taxes disbursed to Library	9,284,471
TOTAL DEDUCTIONS	9,284,471
CHANGE IN NET POSITION	(318)
NET POSITION - BEGINNING OF YEAR	431
NET POSITION - END OF YEAR	$ 113

See Accompanying Notes to Financials Statements

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Patchogue-Medford Union Free School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity:

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education (the "Board") consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. The Board has authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus-An Amendment of GASB Statements No. 14 and No. 34*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, there are no other entities that would be included in the District's reporting entity.

B) Joint Venture:

The District is a component district in the Eastern Suffolk Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs, which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES is organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected

by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative, program, and capital costs is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

C) Basis of Presentation:

District-Wide Financial Statements:

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants and contributions include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital specific grants, if applicable.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

The Fund Financial Statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

General Fund: This fund is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund: This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund: This fund is used to account for the activities of the District's food service operations. The school lunch operations are supported by federal and state grants and charges to participants for its services.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

Miscellaneous Special Revenue Fund: This fund is used to account for assets held by the District in accordance with grantor or contributor stipulations. Other activities included in this fund are extraclassroom activities.

Capital Projects Fund: This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following fiduciary fund:

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or custodian for resources that belong to others. These activities are not included in the District-Wide Financial Statements, because their resources do not belong to the District, and are not available to be used. The District's fiduciary fund includes the custodial funds. This fund is custodial in nature and is used to account for real property taxes collected on behalf of other governments and disbursed to other governments.

D) Measurement Focus and Basis of Accounting:

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements.

The District-Wide and Fiduciary Fund Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on bonds payable, lease liability, energy performance contract debt payable, compensated absences payable, workers' compensation claims payable, pension liabilities, and total other post-employment benefits, which are recognized as expenditures to the extent they have matured. Capital asset and intangible lease assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases with terms greater than one year are reported as other financing sources.

E) Real Property Taxes:

Calendar:

Real property taxes are levied annually by the Board no later than October 1, and become a lien on December 1. Taxes are collected by the Town of Brookhaven (the "Town"). Tax collections are remitted to the District and Town comptrollers until their respective tax levies are satisfied in accordance with the Suffolk County Tax Act.

Enforcement:

Uncollected real property taxes are subsequently enforced by the County. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the Town no later than the following July 1.

F) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G) Interfund Transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flows. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers

of funds include the transfer of expenditures and revenues to provide financing or other services.

In the District-Wide Financial Statements, eliminations have been made for all interfund receivables and payables between the funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H) Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, and disclosure of contingent items at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including useful lives of capital assets and intangible lease assets, lease liability, compensated absences payable, workers' compensation claims payable, net pension asset/liability, total other post-employment benefits obligation, and other potential contingent liabilities.

I) Cash and Cash Equivalents:

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

J) Receivables:

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventory:

Inventory of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the

Government's assigned value, which approximates market. Inventory is accounted for on the consumption method, a current asset for inventory is recorded as the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods are consumed.

Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

A portion of fund balance has been classified as nonspendable in the school lunch fund to indicate that inventory does not constitute available spendable resources.

L) Capital Assets:

Capital assets are reflected in the District-Wide Financial Statements. Capital assets are reported at actual cost for acquisitions made within the last 20 years. For assets acquired prior to 20 years, estimated historical costs, based on appraisals conducted by independent third-party professionals are used. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-Wide Financial Statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and building improvements	$15,000	Straight-line	30 years
Land improvements	$15,000	Straight-line	20 years
Furniture and equipment	$5,000	Straight-line	5 years

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The District's policy is to record an impairment loss in the period when the District determines that the carrying amount of the asset will not be recoverable. At June 30, 2024, the District has not recorded any such impairment losses.

M) Intangible lease assets:

Intangible lease assets are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. These intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible lease asset acquisitions are added to the intangible lease asset accounts), amortization methods, and estimated useful lives of intangible lease assets reported in the District-Wide Financial Statements follow the same thresholds as noted above for capital assets.

N) Deferred Outflows and Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the unamortized deferred amounts on the refunding of bonds, which are detailed further in Note 14. The other two are deferred outflows of resources related to pensions and other post-employment benefits obligation reported in the District-Wide Statement of Net Position, and are detailed further in Note 15 and Note 17, respectively.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District reported deferred inflows related to pensions and other post-employment benefits reported in the District-Wide Statement of Net Position, and are detailed further in Notes 15 and 17, respectively.

In addition to liabilities, the Governmental Funds Balance Sheet will sometimes report deferred inflows of resources when potential revenues do not meet the availability criterion for recognition in the current period. These amounts are recorded as deferred inflows of resources. In subsequent periods, when the availability criterion is met, deferred inflows of resources are classified as revenues. The District-Wide Financial Statements, however, report these deferred inflows of resources as revenues in accordance with the accrual basis of accounting and economic resources measurement focus.

O) Short-Term Debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as liabilities of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent liabilities that will be extinguished by the use of expendable, available resources of the fund.

The District may issue bond anticipation notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date, seven years if originally issued during calendar year 2015 through, and including, 2021. The notes, or renewal thereof, may not extend more than two years beyond the original date of issue, unless a portion is redeemed within two years and within each twelve-month period thereafter.

The District has issued and redeemed $46,000,000 in TANs in the fiscal year ended June 30, 2024. See Note 12 for further detail.

P) Collections in Advance:

Collections in advance arise when the District receives resources before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for collections in advance is removed and revenues are recorded.

Collections in advance consist of amounts received in advance for prepaid tuition in the general fund for summer programs, grant advances in the special aid fund, and grant advances as well as prepaid meals that have not yet been purchased in the school lunch fund. See Note 11 for more detail.

Q) Employee Benefits – Compensated Absences:

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the Fund Financial Statements, only the amount of matured liabilities is accrued within the general fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis. The liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

R) Other Benefits:

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b). Certain collectively bargained agreements allow district employees to participate in the District's elective deferred compensation plans established under Internal Revenue Code Section 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide Financial Statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*

S) Long-Term Debt:

The District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The repayment of principal and interest will be in the general fund.

In the fund financial statements, governmental funds recognize bond premiums during the current period, with the face amount of debt issued reported as other financing sources. Premiums received on long-term debt issuances are reported as other financing sources. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

In the District-Wide Financial statements, premiums received on long-term debt issuances are netted with bonds payable and amortized over the life of the bonds.

T) Equity Classifications:

District-Wide Financial Statements:

In the District-Wide Financial Statements, there are three classes of net position:

Net investment in capital assets consists of capital assets and intangible lease assets, net of accumulated depreciation and amortization reduced by outstanding balances of related debt obligations from the acquisition, constructions, or improvements of those assets, net of any

unexpended proceeds and including any unamortized items (discounts, premiums, deferred amounts on refunding).

Restricted net position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Fund Financial Statements:

There are five classifications of fund balance as detailed below, however, in the Fund Financial Statement, there are four classifications of fund balance presented.

Nonspendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund of $90,774.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.

Currently, New York State laws still use the terminology “reserves” and Districts are only allowed to use reserves authorized by law. The District has classified the following reserves as restricted:

Retirement Contribution

Retirement Contribution Reserve (GML§6-r) must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. In addition, a subfund of this reserve may also be created to allow for financing retirement contributions to the New York State Teachers’ Retirement System. The reserve must be accounted for separate and apart from all other funds, and a detailed report of the operation and condition of the fund must be provided to the Board. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. The Teachers’ Retirement System subfund is subject to contribution limits. This reserve is accounted for in the general fund.

Capital Reserve

Capital reserve (EL§3651), must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the general fund and capital projects fund.

Insurance Reserve

Insurance reserve (GML §6-n) must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law, e.g., Unemployment Compensation Insurance. The reserve may be established by Board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) must be used for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the general fund.

Workers' Compensation

Workers' compensation reserve (GML §6-j), must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the general fund.

Unemployment Insurance

Unemployment insurance reserve (GML §6-m) must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the general fund.

Restricted for Scholarships and Donations

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the miscellaneous special revenue fund.

Unrestricted Resources:

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the District has provided otherwise in its commitment or assignment actions.

Committed fund balance – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority (i.e., Board of Education). The District has no committed fund balances as of June 30, 2024.

Assigned fund balance – Includes amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes Board designations and encumbrances not classified as restricted or committed at the end of the fiscal year.

The District has adopted policy 3480, *Fund Balance*, which authorizes the Board of Education, or its designee, to assign amounts for a specific purpose.

Unassigned fund balance –Includes the residual fund balance for the general fund and includes residual fund balance deficits of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts. Assignments of fund balance cannot cause a negative unassigned fund balance.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances included in assigned fund balance are also excluded from the 4% limitation. The District's unassigned fund balance in the general fund at June 30, 2024 is within the legal limit.

Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law, or by formal action of the Board if voter approval is not required. Amendments or modifications to the applied or transferred fund balance must be approved by formal action of the Board.

The Board shall designate the authority to assign fund balances, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

Order of Use of Fund Balance

The order by which the District will spend restricted and unrestricted (unassigned) fund balance will be evaluated on an annual basis based on the current financial conditions by the Assistant Superintendent for Business. After evaluation, if adjustments are required, a recommendation will be made to the Board of Education for consideration.

Minimum Fund Balance Amount

The fund balance of the District's general fund has been accumulated to provide stability and flexibility and to respond to unexpected adversity and/or opportunities.

The target is to maintain an unassigned fund balance of 4% of the estimated annual operating expenditures for the ensuing fiscal year.

The District's basic goal is to maintain annual expenditure increases at a growth rate, and to limit expenditures to anticipated revenue in order to maintain a balanced budget. The decision to retain an unrestricted fund balance of 4% of the expected expenditures stems from the need to support normal operating costs for the District and provide fiscal stability.

U) Future Accounting Pronouncements:

GASB issued Statement No. 101, *Compensated Absences*, which updated the recognition and measurement guidance for compensated absences by implementing a unified model and amended previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023.

The Statement above is not an all-inclusive list of all future GASB statements impacting the District. The District will evaluate the impact and materiality of the Statement above and implement the provisions as applicable.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN FUND FINANCIAL STATEMENTS AND DISTRICT-WIDE FINANCIAL STATEMENTS:

Due to the differences in the measurement focus and basis of accounting used in the Fund Financial Statements and the District-Wide Financial Statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. The difference primarily results from additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B) Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

Long-term revenue and expense differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items or intangible lease assets in the Fund Financial Statements and depreciation and/or amortization expense on those items as recorded in the Statement of Activities.

Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the Fund Financial Statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

A) Budgets:

The District administration prepares a proposed budget for approval by the Board for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. Supplemental appropriations that occurred during the fiscal year are shown on Supplemental Schedule #5 - Schedule of Change from Adopted Budget to Final Budget – General Fund, where applicable.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

B) Encumbrances:

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored

in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTE 4 – DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS:

A) Cash and Cash Equivalents:

New York State law governs the District's investment policies. Resources must be deposited in Federal Deposit Insurance Company (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk* Disclosures, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A) Uncollateralized;
B) Collateralized with securities held by the pledging financial institution in the District's name; or
C) Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

All of the District's aggregate bank balances were covered by depository insurance or collateralized with securities held by the pledging financial institution in the District's name at year end.

B) Restricted Cash and Cash Equivalents:

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash at June 30, 2024 included $38,089,225 within the governmental funds for general reserves, scholarships and donations, and capital projects.

C) Investments:

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are accounted for within the special revenue fund.

Type of Investment	Value
United States Treasury Bills	$ 747,078
Total investments	$ 747,078

The District does not typically purchase investments for long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District also does not purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

NOTE 5 – PARTICIPATION IN BOCES:

During the fiscal year ended June 30, 2024 the District was billed $16,015,242 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $2,462,924. Financial statements for the BOCES are available from the Eastern Suffolk BOCES administrative office at James Hines Administration Center, 201 Sunrise Highway, Patchogue, New York 11772.

NOTE 6 – STATE AND FEDERAL AID RECEIVABLES:

State and federal aid receivables at June 30, 2024 consisted of the following:

General Fund	
Excess cost aid	$ 1,781,367
Foundation aid	1,415
BOCES aid	2,462,924
Child and Adult Care Food Program	5,519
Workers' compensation	2,926
Building aid	1,005,329
Federal Sources	49,244
Total - General Fund	5,308,724
Special Aid Fund	
Federal aid	523,539
State aid	2,328,456
Total - Special Aid Fund	2,851,995
School Lunch Fund	
Federal aid	538,423
State aid	272,901
Total - School Lunch Fund	811,324
Capital Projects Fund	
State aid - Smart Schools Bonds	503,919
Total - Capital Projects Fund	503,919
Total State and Federal Aid Receivables	$ 9,475,962

The general fund state aid receivable includes $25,072 of unavailable revenues, which is included in deferred inflows of resources on the balance sheet.

District management has deemed these amounts to be fully collectible.

NOTE 7 – DUE FROM OTHER GOVERNMENTS:

Due from other governments in the general fund at June 30, 2024 consisted of the following:

Foster care tuition	$ 116,384
Health services	129,558
Other	2,655
Total Due from Other Governments	$ 248,597

District management has deemed the amounts to be fully collectible.

NOTE 8 – LEASE RECEIVABLE:

The District recognized a lease receivable and deferred inflow of resources – leases, for an agreement whereby the District leases building space to another entity, with an interest rate of 3.65%. The lease receivable and associated deferred inflow of resources will be reduced as the lease revenue is earned in future periods.

Principal and interest income received for the District's lease receivable amounted to $49,823 and $837, respectively, for the fiscal year ended June 30, 2024.

The following is a summary of the principal and interest requirements to maturity for the BOCES' lease receivable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 48,040	$ 2,620	$ 50,660
2026	46,320	4,340	50,660
Total	$ 94,360	$ 6,960	$ 101,320

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 9 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS:

A) Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 2,827,925			$ 2,827,925
Construction in progress	1,310,639	$ 1,430,328	$ -	2,740,967
Total capital assets not being depreciated	4,138,564	1,430,328	-	5,568,892
Capital assets being depreciated:				
Land improvements	5,970,838			5,970,838
Building and building improvements	199,396,994			199,396,994
Furniture and equipment	5,511,242	703,165	(141,644)	6,072,763
Total capital assets being depreciated	210,879,074	703,165	(141,644)	211,440,595
Less accumulated depreciation:				
Land improvements	4,647,745	219,683		4,867,428
Building and building improvements	97,798,937	4,340,847		102,139,784
Furniture and equipment	3,683,748	317,741	(141,644)	3,859,845
Total accumulated depreciation	106,130,430	4,878,271	(141,644)	110,867,057
Total capital assets being depreciated, net	104,748,644	(4,175,106)	-	100,573,538
Capital assets, net	$ 108,887,208	$ (2,744,778)	$ -	$ 106,142,430

Depreciation expense was charged to governmental functions as follows:

General support	$ 212,921
Instruction	4,582,717
Pupil transportation	82,633
	$ 4,878,271

B) Intangible Lease Assets

The following schedule summarizes the District's intangible lease asset activity for the fiscal year ended June 30, 2024:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Intangible lease assets				
Furniture and equipment	$ 62,172	$ 224,791	$ (62,172)	$ 224,791
Total intangible lease assets being amortized	62,172	224,791	(62,172)	224,791
Less accumulated amortization:				
Furniture and equipment	62,172	39,506	(62,172)	39,506
Total accumulated amortization	62,172	39,506	(62,172)	39,506
Total intangible lease assets, net	$ -	$ 185,285	$ -	$ 185,285

Amortization expense was charged to governmental functions as follows:

General support	$ 39,506
	$ 39,506

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General fund	$ 5,269,928	$ 113	$ 211,989	$ 12,197,173
Special aid fund		1,722,103	257,282	
School lunch fund		22,755		
Debt service fund		3,247,732	10,439,891	
Miscellaneous special revenue fund				
Capital projects fund		277,338	1,500,000	211,989
Total government activities	5,269,928	5,270,041	12,409,162	12,409,162
Fiduciary fund - custodial	113			
Totals	$ 5,270,041	$ 5,270,041	$ 12,409,162	$ 12,409,162

The District typically transfers from the general fund to the special aid fund to fund the District's local share of the summer program for students with disabilities and to fund the State Supported Section 4201 schools. The District typically transfers from the general fund to the debt service fund to finance debt service requirements. The District transferred from the general fund to the capital projects fund to finance capital construction projects. The District transferred from the capital projects fund to the general fund to return unused funds on completed projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

NOTE 11 – COLLECTIONS IN ADVANCE:

Collections in advance at June 30, 2024 consisted of the following:

General Fund	
Summer programs 2024-2025	$ 136,608
Total General Fund	136,608
Special Aid Fund	
Other local grants	208,436
Total Special Aid Fund	208,436
School Lunch Fund	
Prepaid account balances	41,193
Supply chain assistance grant	203,801
Total School Lunch Fund	244,994
Total - Collections In Advance	$ 590,038

NOTE 12 - SHORT-TERM DEBT:

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
Tax Anticipation Note	6/24/24	4.50%	$ -	$46,000,000	$46,000,000	$ -

Interest expense on short-term debt for the year was $1,615,750.

The tax anticipation note was issued for interim financing of general fund operations.

NOTE 13 – LONG-TERM LIABILITIES:

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Reclassed and Redeemed	Ending Balance	Due Within One Year
Long-term debt:					
Serial bonds	$ 40,285,000	$ -	$ 8,170,000	$ 32,115,000	$ 8,525,000
Add: Premiums on obligations	3,597,644		907,822	2,689,822	907,822
Total bonds payable	43,882,644	-	9,077,822	34,804,822	9,432,822
Other long-term liabilities:					
Lease liability	-	224,791	39,506	185,285	54,515
Energy performance contract debt payable	5,507,243		729,433	4,777,810	747,752
Compensated absences payable	10,690,530	1,811,539	1,423,367	11,078,702	1,223,297
Workers' compensation claims payable	2,008,712	1,822,629	1,193,331	2,638,010	1,166,296
Net pension liability-proportionate share - ERS	11,368,664		3,239,917	8,128,747	
Net pension liability-proportionate share - TRS	8,895,779		3,503,538	5,392,241	
Total other post-employement benefits obligation	426,575,233	48,294,184	19,394,810	455,474,607	13,202,570
Total long-term liabilities	$ 508,928,805	$ 52,153,143	$ 38,601,724	$ 522,480,224	$ 25,827,252

The general fund has typically been used to liquidate long-term liabilities such as bonds payable, lease liability, energy performance contract debt payable, compensated absences payable, workers' compensation claims payable, net pension liabilities, and total other post-employment benefits obligation.

A) Bonds Payable

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2024
Refunding serial bond	6/17/2015	10/1/2026	2.00% - 5.00%	$ 9,280,000
Refunding serial bond	10/14/2020	9/15/2028	4.00%	11,775,000
Refunding serial bond	4/5/2022	7/1/2027	5.00%	11,060,000
				$ 32,115,000

On May 21, 2024, voters approved a bond authorization for a total estimated cost not to exceed $85,370,000 to finance the costs to replace unit ventilators District-Wide in classrooms, make HVAC improvements District-Wide in cafeterias and gymnasiums, and to make various athletic, art, and music upgrades in the secondary schools. As of June 30, 2024, the District has authorized but unissued debt of $85,370,000.

The following is a summary of debt service requirements for the bonds payable:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 8,525,000	$ 1,107,513	$ 9,632,513
2026	8,890,000	782,575	9,672,575
2027	8,810,000	440,000	9,250,000
2028	5,890,000	132,750	6,022,750
	$ 32,115,000	$ 2,462,838	$ 34,577,838

Upon default of the payment of principal or interest on the serial bonds of the District, the bond holders have the right to litigate and the New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the New York State Finance Law, to withhold state aid and assistance of the District and apply the amount so withheld to the payment of the defaulted principal or interest with respect to the serial bonds.

B) Premiums on Bonds:

Premiums on bonds, net of accumulated amortization, are reported as a component of the related long-term liability, and amounted to $2,689,822 at June 30, 2024. This represents premiums received on the 2015 bond refunding, the 2021 bond refunding, and the 2022 bond refunding. These premiums are being amortized using the straight-line method over the respective lives of the bonds. Amortization is recorded as a reduction in interest expense on the District-Wide Statement of Activities. As of June 30, 2024, the premiums recorded in the District-Wide Financial Statements consisted of:

	2015 Refunding	2021 Refunding	2022 Refunding
Premium on bonds	$ 2,437,793	$ 2,902,912	$ 1,456,131
Accumulated amortization	(1,953,815)	(1,538,893)	(614,306)
Premium on bonds, net of accumulated amortization	$ 483,978	$ 1,364,019	$ 841,825
Total premium on bonds, net of accumulated amortization	$ 2,689,822		

C) Lease Liability

The District recognizes a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for copiers with an interest rate of 3.93%.

Principal and interest expense paid on the District's lease liability amounted to $39,506 and $5,962, respectively, for the fiscal year ended June 30, 2024.

The following is a summary of the principal and interest requirements to maturity for the District's leases:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 54,515	$ 6,109	$ 60,624
2026	56,697	3,927	60,624
2027	58,967	1,657	60,624
2028	15,106	50	15,156
	$ 185,285	$ 11,743	$ 197,028

D) Energy Performance Contract Debt Payable:

Energy performance contract debt payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Outstanding at June 30, 2024
Energy performance contract debt	7/3/2014	1/3/2030	2.496%	$ 4,777,810

The following is a summary of debt service requirements for the energy performance contract debt:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 747,752	$ 114,609	$ 862,361
2026	766,531	95,830	862,361
2027	785,782	76,579	862,361
2028	805,516	56,845	862,361
2029	825,746	36,615	862,361
2030	846,483	15,878	862,361
	$ 4,777,810	$ 396,356	$ 5,174,166

E) Long-Term Interest

Interest on long-term debt for the year was composed of:

	Total
Interest paid	$ 1,564,039
Less interest accrued in the prior year	(656,678)
Plus interest accrued in the current year	532,598
Plus amortized prepaid bond refunding costs	(907,822)
Less amortized deferred amounts on refunding	80,664
Total expense	$ 612,801

NOTE 14 – DEFERRED AMOUNTS ON REFUNDINGS:

The deferred amounts on refunding recorded in the District-Wide Financial Statements as deferred outflow of resources at June 30, 2024 consisted of the following:

	Total Years Amortized	Initial Amount at Refunding	Amortization To Date	Balance at June 30, 2024
2015 Bond Refunding	11	$ 242,743	$ 194,556	$ 48,187
2021 Bond Refunding	7	86,537	45,874	40,663
2022 Bond Refunding	6	249,250	105,152	144,098
Total deferred amounts on refunding		$ 578,530	$ 345,582	$ 232,948

The deferred amounts on the refundings are being amortized over the lives of the refunding bonds. Amortization is included as a component of interest expense on the District-Wide Financial Statements.

NOTE 15 – PENSION PLANS:

A) Plan Description and Benefits Provided:

i) Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS) (the System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State (RSSL) of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. Additional information regarding the System, may be obtained by writing to New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany NY 12211-2395 or by referring to TRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

ii) Employees' Retirement System

The District participates in the New York State and Local Employees' Retirement System (ERS) (the System). This is a cost-sharing multiple –employer retirement system. The System provides retirement benefits as well as death and disability

benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all new assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP) which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire.

B) Funding Policies:

The Systems are noncontributory, except as follows:

1. New York State Teachers' Retirement System:
    a. Employees who joined the system after July 27, 1976, and before January 1, 2010
        i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
    b. Employees who joined the system on or after January 1, 2010, and before April 1, 2012
        i. Employees contribute 3.5% of their salary throughout active membership.
    c. Employees who joined the system on or after April 1, 2012
        i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

2. New York State Employees' Retirement System
    a. Employees who joined the system on or after July 27, 1976, and before January 1, 2010
        i. Employees contribute 3% of their salary, except that employees in the system more than ten years are no longer required to contribute.
    b. Employees who joined the system on or after January 1, 2010 and before April 1, 2012
        i. Employees contribute 3% of their salary throughout active membership.
    c. Employees who joined the system on or after April 1, 2012
        i. Employees contribute between 3% and 6% dependent upon their salary throughout active membership.

For ERS, the Comptroller annually certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund, for the ERS' fiscal year ended March 31st. The District's average contribution rate for ERS' fiscal year ended March 31, 2024 for covered payroll was 12.4%. The contribution rate for Tier 1, 19.70%, Tier 2, 18.10%, for Tiers 3 & 4, 14.9%, for Tier 5, 12.90%, and for Tier 6, 9.50%.

Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS. The District's contribution rate for the TRS' fiscal year ended June 30, 2024, was 9.76% of covered payroll.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	NYSTRS	NYSERS
2024	$8,944,954	$2,375,818
2023	$8,961,168	$2,210,627
2022	$8,045,624	$2,173,028

C) Pension Assets, Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions:

At June 30, 2024, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Net pension asset/(liability)	$ (8,128,747)	$ (5,392,241)
District's portion of the Plan's total net pension asset/(liability)	0.0552073%	0.471521%
Change in proportion since the prior measurement date	0.0021918%	0.0079320%

For the year ended June 30, 2024, the District recognized pension expense of $3,819,147 for ERS and $14,946,046 for TRS. At June 30, 2024 the District reported deferred outflows

of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$2,618,263	$13,074,749	$ 221,650	$ 32,313
Changes of assumptions	3,073,297	11,609,334		2,530,191
Net difference between projected and actual earnings on pension plan investments		2,756,406	3,970,850	
Changes in proportion and differences between the District's contributions and proportionate share of contributions	542,408	5,217	30,428	1,448,210
District's contributions subsequent to the measurement date	676,804	8,944,954		
	$6,910,772	$36,390,660	$ 4,222,928	$ 4,010,714

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Plan Year ended:		
2024		$ 1,788,085
2025	$ (1,254,198)	(3,130,841)
2026	1,703,745	21,419,455
2027	2,402,020	1,431,919
2028	(840,527)	1,165,903
Thereafter		760,471
Total	$ 2,011,040	$ 23,434,992

Actuarial Assumptions

The total pension asset/(liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset/(liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Investment rate of return (net of pension plan investment expense, including inflation)	5.90%	6.95%
Salary increases	4.40%	1.95% - 5.18%
Cost of Living Adjustments	1.5% annually	1.3% annually
Decrements	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2019 - June 30, 2023 System's Experience
Inflation	2.90%	2.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2023.

For ERS, the long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of the measurement date are summarized below:

	ERS		TRS	
Measurement Date	March 31, 2024		June 30, 2023	
Asset type	Target Allocation	Long-term expected real rate of return	Target Allocation	Long-term expected real rate of return
Domestic equity	32%	4.00%	33%	6.8%
International equity	15%	6.65%	15%	7.6%
Global equity			4%	7.2%
Private equity	10%	7.25%	9%	10.1%
Real estate	9%	4.60%	11%	6.3%
Opportunistic/ absolute return strategy	3%	5.25%		
Real assets	3%	5.79%		
Credit	4%	5.40%		
Cash	1%	0.25%		
Fixed income	23%	1.50%	16%	2.2%
Global bonds			2%	1.6%
High-yield bonds			1%	4.4%
Private debt			2%	6.0%
Real estate debt			6%	3.2%
Cash equivalents			1%	0.3%
	100%		100%	

The expected real rate of return is net of the long-term inflation assumptions of 2.90% for ERS and 2.40% for TRS.

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9% for ERS and 5.95%

for TRS) or 1-percentage-point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	$ (25,557,612)	$ (8,128,747)	$ 6,427,970

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset/(liability)	$ (82,126,559)	$ (5,392,241)	$ 59,144,640

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective measurement dates, were as follows:

	(Dollars in Thousands) ERS	TRS
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension asset/(liability)	$ (240,696,851)	$ (138,365,122)
Plan Fiduciary Net Position	225,972,801	137,221,537
Employers' net pension asset/(liability)	$ (14,724,050)	$ (1,143,585)
Ratio of plan fiduciary net position to the Employers' total pension liability	93.88%	99.17%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate. Accrued retirement contributions as of June 30, 2024 amounted to $676,804.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept, with a balance to be paid by the District, if necessary. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to $10,281,215.

NOTE 16 – OTHER RETIREMENT PLANS:

A) Tax Sheltered Annuities:

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2024, totaled $972,444 and $4,579,474 respectively.

B) Deferred Compensation Plan:

The District has adopted a 457 plan covering select bargaining unit employees. Employees in these units may defer a percentage of their compensation subject to Internal Revenue Code elective deferral limitations. Contributions made by employees for the year ended June 30, 2024 totaled $170,675.

NOTE 17 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS:

A) General Information about the OPEB Plan:

Plan Description

The District's OPEB Plan (the "OPEB Plan"), defined as a single employer defined benefit plan, primarily provides post-employment health insurance coverage to retired employees and their eligible dependents in accordance with provisions of various employment contracts. Medicare Part B benefits are also provided. Benefits are provided through the New York State Health Insurance Program (NYSHIP), and are administered by the Empire Plan (Core Plus Enhancements). Article 37 of the Statutes of the State assigns the authority to establish and amend benefit provisions to the District. The Plan does not issue a stand-alone, publicly available report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and Medicare Part B benefits for retired employees and their eligible dependents. The contribution requirements of Plan members and the District are established and may be amended by the District. Benefit terms provide for the District to contribute between 80% and 100% of the premiums for individual and family coverage, 0% of the premiums for surviving spouses, and recognizes the cost of the healthcare plan annually as expenditures in the general fund of the fund financial statements as payments are accrued. For fiscal year 2024, the District contributed an estimated $13,842,153 to the Plan, including $13,842,153 for current premiums and $0 to prefund benefits. Currently, there is no provision

in the law to permit the District to fund other postemployment benefits by any means other than the "pay as you go" method.

At June 30, 2022, the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	828
Active employees	950
Total Membership	1,778

B) Total OPEB Liability:

The District's total OPEB liability of $455,474,607 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2022. Update procedures were used to roll forward the total OPEB liability to the measurement date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70%
Salary increases, including wage inflation	Varied by years of service and retirement system
Discount rate	
Prior measurement date	4.13%
Measurement date	4.21%
Mortality table	Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021
Health care cost trends	
Medical	Actual premium increases from 2022 to 2024, followed by 6.25% for 2024 to 2025, decreasing gradually to an ultimate rate of 4.14% by 2076
Part B Reimbursement	Actual trend from 2022 to 2024, 6.16% increase from 2024 to 2025, followed by projected Part B premium increases shown in the 2023 Medicare Trustees report, and decreasing to an ultimate rate of 4.14% by 2076

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount Weighted table projected fully generationally using MP-2021.

C) Changes in the Total OPEB Liability:

Balance as of June 30, 2023	$ 426,575,233
Changes for the fiscal year:	
Service cost	15,584,014
Interest	17,978,228
Change in benefit terms	-
Difference between expected and actual experience	14,731,942
Changes of assumptions or other inputs	(5,552,657)
Benefit payments	(13,842,153) *
Net Changes	28,899,374
Balance as of June 30, 2024	$ 455,474,607

*Based on $12,883,725 in explicit benefit payments and $958,428 in estimated implicit liability benefit payments.

The following assumptions have been updated since the last full valuation:

1. Discount rate changed from 4.13% in 2023 to 4.21% in 2024 based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024.

2. Liabilities projected on a no gain/loss basis.

3. Mortality rates were updated to Pub-2010 Teachers and General Employees Headcount-Weighted table projected fully generationally using MP-2021. This change caused a small decrease in liabilities.

4. Termination and retirement rates have been updated based NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2021.

5. Health care trend rates have been updated from 2023 to 2024 based on known premium rate increases.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21%), or 1 percentage point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Assumption (4.21%)	1% Increase (5.21%)
Total OPEB Liability	$532,599,979	$455,474,607	$393,639,360

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher that the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB Liability	$ 379,828,473	$ 455,474,607	$553,478,517

D) OPEB Expense and Deferred Inflows and Outflows of Resources:

For the year ended June 30, 2024, the District recognized OPEB expense of $36,782,012. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 38,230,506	$ (12,112,768)
Changes of assumptions or other inputs	42,368,189	(88,046,067)
Total	$ 80,598,695	$ (100,158,835)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	Amount
2025	$ 4,622,470
2026	384,793
2027	(13,544,626)
2028	(13,544,623)
2029	1,210,517
Thereafter	1,311,329
	$ (19,560,140)

NOTE 18 – RESTRICTED FUND BALANCE – APPROPRIATED RESERVES:

The District expects to appropriate $1,742,048 from the retirement contribution reserve, which is reported in the June 30, 2024 restricted fund balances, to fund the budget and reduce taxes for the fiscal year ending June 30, 2025.

NOTE 19 – ASSIGNED: APPROPRIATED FUND BALANCE:

The amount of $1,435,000 has been appropriated to reduce taxes for the year ending June 30, 2025.

NOTE 20 – RISK MANAGEMENT:

A) General:

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

B) Risk Retention:

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unpaid claims which were incurred on or before year-end. Liabilities do not include an amount for reported claims which were incurred on or before year-end but not reported (IBNR). Had an actuary valuation been performed, the liability amount may

significantly change. As of June 30, 2024, the District has recorded a workers' compensation claims liability of $2,638,010 and has a workers' compensation reserve balance of $1,589,872.

Claims activity is as follows:

Fiscal Year Ending	Unpaid Claims at the Beginning of the Year	Incurred Claims	Paid Claims and Adjustments	Unpaid Claims at the End of the Year
June 30, 2023	$2,544,299	$568,586	($1,104,173)	$2,008,712
June 30, 2024	$2,008,712	$1,822,629	($1,193,331)	$2,638,010

The program is accounted for in the general fund of the District.

NOTE 21 – RESTRICTED FOR CAPITAL RESERVE:

The following is a summary of the District's restricted capital reserve activity since inception:

	Capital Reserve III	Capital Reserve II	Capital Reserve I	
Date Created	2022	2018	2015	
Number of Years to Fund	10	10	10	
Maximum Funding	$ 25,000,000	$ 15,000,000	$ 5,000,000	
General Fund				Total
Funding Provided	$ 6,500,000	$ 14,600,000	$ 5,000,000	$ 26,100,000
Interest Earnings	552,080	400,000		952,080
Use of Reserve	(5,000,000)	(14,878,578)	(5,000,000)	(24,878,578)
Total General Fund	2,052,080	121,422	-	2,173,502
Capital Fund				
Funding Provided	5,000,000	14,878,578	5,000,000	24,878,578
Voter approved transfer between reserves				-
Interest Earnings				
Use of Reserve	(216,487)	(5,770,706)	(4,974,191)	(10,961,384)
Total Capital Projects Fund	4,783,513	9,107,872	25,809	13,917,194
Balance as of June 30, 2024	$ 6,835,593	$ 9,229,294	$ 25,809	$ 16,090,696

NOTE 22 – TAX ABATEMENTS:

The Town of Brookhaven and the County of Suffolk enter into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced by $2,314,386 for these programs. The District received Payment in Lieu of Tax (PILOT) payments totaling $877,319 from the Town of Brookhaven and the County of Suffolk during the fiscal year ending June 30, 2024.

NOTE 23 – COMMITMENTS AND CONTINGENCIES:

A) Encumbrances:

Significant encumbrances included in governmental fund balances have been classified as restricted or assigned fund balance and are as follows:

i. **General Fund** - Total encumbrances of the general fund as of June 30, 2024 were $660,297. Significant encumbrances were assigned as follows; $29,931 for equipment, $265,413 for professional services, $360,653 for supplies and materials, and $4,300 for BOCES services.

ii. **Capital Projects Fund** - Total encumbrances of the capital projects fund as of June 30, 2024 were $1,775,960.

iii. **Special Aid Fund -** Total encumbrances of the special aid fund as of June 30, 2024 were $2,656,113. Encumbrances totaling $243,288 were for supplies and materials, and $2,412,825 was for purchased services. Of the encumbrances outstanding, $2,649,466 are related to the ARP (American Rescue Plan), ESSER III grant.

B) Grants:

The District has received grants, which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

C) Litigation:

The District is involved in lawsuits arising from the normal conduct of its affairs. Some of these lawsuits seek damages which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

Child Victims Act

At this time, the District has two active lawsuits under the Child Victim's Act. The District is in the process of settling these matters. The District reserves the right to pursue an action against its former insurers for all or a part of the settlement amount. Should the plaintiffs in the lawsuits be successful in actions against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded through budgetary appropriations.

NOTE 24 – SUBSEQUENT EVENTS:

Management of the District has evaluated events through October 17, 2024, which is the date the financial statements were available to be issued, and noted the following:

A) The District issued $48,000,000 in tax anticipation notes on September 11, 2024, with a stated interest rate of 4.0% maturing on June 24, 2025. In addition, the District received a premium of $290,400 on the note, which resulted in a net interest rate of 3.2304%.

B) The District was awarded funding from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) through the Elementary and Secondary School Emergency Relief Program (ESSER), and the Governor's Emergency Education Relief Program (GEER). The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the special aid fund as they are expended. As of June 30, 2024, the District has expended funds as follows:

Funding Source	Grant Amount Awarded	Cumulative Amount Expended as of June 30, 2024
CRRSA - ESSER 2	$ 6,750,997	$ 6,750,997
CRRSA - GEER 2	646,577	646,577
	$ 7,397,574	$ 7,397,574

C) The District was awarded funding from the American Rescue Plan (ARP) as noted below. The funds are to be used for eligible expenditures, which support the District's ability to continue to provide educational services. The funds will be recognized in the Special Aid Fund as they are expended.

Funding Source	Grant Amount Awarded	Cumulative Amount Expended as of June 30, 2024
ARP - ESSER 3	$ 7,282,782	$ 4,586,533
ARP - SLR Summer Enrichment	1,257,078	1,195,026
ARP - SLR Comprehensive A	1,257,078	1,104,799
ARP - SLR Learning Loss	6,285,214	5,129,273
ARP - Homeless II	40,725	32,725
ARP - Homeless II SL	1,767	1,760
ARP - IDEA Part B, Section 611	297,558	261,378
ARP - IDEA Part B, Section 619	44,221	26,875
	$ 16,466,423	$ 12,338,369

SUPPLEMENTARY INFORMATION

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	$ 127,905,799	$ 118,405,366	$ 118,405,588	$ 222
Other real property tax items	736,148	10,236,581	10,433,574	196,993
Charges for services	1,879,692	1,879,692	1,756,825	(122,867)
Use of money and property	802,272	802,272	2,279,177	1,476,905
Sale of property and compensation for loss	127,770	127,770	285,405	157,635
Miscellaneous	1,625,000	1,625,000	1,738,668	113,668
Interfund revenues	50,000	50,000		(50,000)
State Sources				
Basic formula	90,242,205	90,242,205	66,500,384	(23,741,821)
Excess cost aid	3,886,601	3,886,601	12,323,278	8,436,677
Lottery Aid			14,837,983	14,837,983
BOCES aid	2,184,827	2,184,827	2,462,924	278,097
Tuition for students with disabilities aid	150,000	150,000	154,433	4,433
Textbook aid	448,667	448,667	445,904	(2,763)
Computer software and hardware aid	233,487	233,487	234,348	861
Library A/V loan program aid	46,581	46,581	47,768	1,187
Other state aid	325,000	325,000	367,532	42,532
Federal Sources				
Medicaid reimbursement	500,000	500,000	210,835	(289,165)
Other Federal Aid	35,000	35,000	32,266	(2,734)
Other Financing Sources				
Premium on obligations			278,300	278,300
Transfers from other funds	211,989	211,989	211,989	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	231,391,038	231,391,038	233,007,181	$ 1,616,143
Appropriated reserves	215,922	215,922		
TOTAL REVENUES, OTHER FINANCING SOURCES, AND APPROPRIATED RESERVES	$ 231,606,960	$ 231,606,960		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL-GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 169,406	$ 184,206	$ 163,238	$ 53	$ 20,915
Central administration	457,246	480,546	458,257		22,289
Finance	1,367,489	1,459,389	1,429,533	7,140	22,716
Staff	1,140,643	1,395,536	1,353,011		42,525
Central services	17,815,973	17,980,192	16,528,260	282,446	1,169,486
Special items	2,505,646	2,609,271	2,544,750		64,521
Total General Support	23,456,403	24,109,140	22,477,049	289,639	1,342,452
Instruction					
Instruction, adm. and imp.	7,869,486	8,071,241	7,811,124		260,117
Teaching - regular school	65,229,018	65,339,947	64,021,151	20,852	1,297,944
Programs for children with handicapping conditions	33,300,547	32,270,148	29,251,477	275	3,018,396
Occupational education	2,238,972	2,256,282	2,172,169		84,113
Teaching special schools	787,643	781,143	189,788		591,355
Instructional media	4,634,144	4,977,557	4,362,729	331,874	282,954
Pupil services	9,302,271	9,370,283	8,825,548	13,632	531,103
Total Instruction	123,362,081	123,066,601	116,633,986	366,633	6,065,982
Pupil Transportation	10,728,873	9,828,842	9,399,411		429,431
Community Services	2,294,835	2,321,335	1,905,439	4,025	411,871
Employee Benefits	58,413,033	58,315,757	57,158,719		1,157,038
Debt Service					
Debt service principal	39,506	39,506	39,506		-
Debt service interest	1,030,961	1,621,711	1,621,711		-
Total Debt Service	1,070,467	1,661,217	1,661,217		
TOTAL EXPENDITURES	219,325,692	219,302,892	209,235,821	660,297	9,406,774
Other Financing Uses					
Interfund transfers	12,281,268	12,304,068	12,197,173		106,895
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 231,606,960	$ 231,606,960	221,432,994	$ 660,297	$ 9,513,669
NET CHANGE IN FUND BALANCE			11,574,187		
FUND BALANCE - BEGINNING OF YEAR			23,240,870		
FUND BALANCE - END OF YEAR			$ 34,815,057		

Note to Required Supplementary Information

Budget Basis of Accounting

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.0552073%	0.0530155%	0.0512788%	0.0461730%	0.0439866%	0.0443228%	0.0430146%	0.0441517%	0.0428285%	0.0428188%
District's proportionate share of the net pension asset/(liability)	$ (8,128,747)	$ (11,368,664)	$ 4,191,828	$ (45,976)	$(11,647,919)	$ (3,140,406)	$ (1,388,273)	$ (4,148,588)	$ (6,874,102)	$ (1,446,523)
District's covered payroll	$ 18,973,751	$ 18,806,955	$ 17,184,363	$ 16,423,475	$ 15,828,951	$ 15,568,506	$ 14,491,832	$ 14,202,033	$ 13,995,350	$ 13,032,483
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	42.84%	60.45%	24.39%	0.28%	73.59%	20.17%	9.58%	29.21%	49.12%	11.10%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%
Discount rate	5.90%	5.90%	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%

NYSTRS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset/(liability)	0.471521%	0.463589%	0.453203%	0.442890%	0.435688%	0.428133%	0.420665%	0.423565%	0.429273%	0.430833%
District's proportionate share of the net pension asset/(liability)	$ (5,392,241)	$ (8,895,779)	$ 78,535,774	$(12,238,261)	$ 11,319,215	$ 7,741,782	$ 3,197,468	$ (4,536,556)	$ 44,587,735	$ 47,992,057
District's covered payroll	$ 89,541,946	$ 84,040,009	$ 78,507,771	$ 76,810,301	$ 74,549,554	$ 71,259,740	$ 68,829,412	$ 66,282,405	$ 65,447,539	$ 64,783,002
District's proportionate share of the net pension asset/(liability) as a percentage of its covered payroll	6.02%	10.59%	100.04%	15.93%	15.18%	10.86%	4.65%	6.84%	68.13%	74.08%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount rate	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

The amounts presented for each fiscal year were determined as of the measurement dates of the plans.

See Paragraph on Required Supplementary Information Included in Auditor's Report

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
FOR THE LAST TEN FISCAL YEARS ENDED JUNE 30,

NYSERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 2,375,818	$ 2,210,627	$ 2,173,028	$ 2,119,749	$ 2,150,194	$ 1,983,492	$ 2,021,624	$ 2,134,840	$ 2,071,934	$ 3,308,634
Contributions in relation to the contractually required contribution	2,375,818	2,210,627	2,173,028	2,119,749	2,150,194	1,983,492	2,021,624	2,134,840	2,071,934	3,308,634
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 19,158,662	$ 18,514,163	$ 17,653,941	$ 16,370,164	$ 16,526,834	$ 14,968,849	$ 14,946,141	$ 14,459,827	$ 14,127,816	$ 13,378,662
Contributions as a percentage of covered payroll	12.40%	11.94%	12.31%	12.95%	13.01%	13.25%	13.53%	14.76%	14.67%	24.73%

NYSTRS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 8,944,954	$ 8,961,138	$ 8,045,624	$ 7,330,773	$ 6,660,287	$ 7,723,234	$ 6,834,337	$ 7,812,724	$ 8,666,777	$ 11,303,793
Contributions in relation to the contractually required contribution	8,944,954	8,961,138	8,045,624	7,330,773	6,660,287	7,723,234	6,834,337	7,812,724	8,666,777	11,303,793
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 94,268,233	$ 89,541,946	$ 84,040,009	$ 78,507,771	$ 76,810,301	$ 74,549,554	$ 71,259,740	$ 68,829,412	$ 66,282,405	$ 65,447,539
Contributions as a percentage of covered payroll	9.49%	10.01%	9.57%	9.34%	8.67%	10.36%	9.59%	11.35%	13.08%	17.27%

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE FISCAL YEARS ENDED JUNE 30,

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost at end of year	$ 15,584,014	$ 13,975,005	$ 20,031,119	$ 18,748,417	$ 14,223,247	$ 6,975,699	$ 7,257,844
Interest	17,978,228	14,911,768	11,054,388	10,578,401	14,951,026	12,583,133	11,691,075
Changes of benefit terms	-	(2,531,137)	-	(3,973,895)	-	(1,652,121)	-
Difference between expected and actual experience	14,731,942	29,183,353	3,624,133	(6,715,132)	(59,246,342)	10,747,766	-
Changes of assumptions or other inputs	(5,552,657)	(29,889,022)	(106,910,124)	25,087,041	89,747,494	76,191,714	(16,585,696)
Benefit payments	(13,842,153)	(12,562,986)	(12,050,398)	(11,731,763)	(11,225,723)	(11,331,824)	(10,295,153)
Net change in Total OPEB Liability	28,899,374	13,086,981	(84,250,882)	31,993,069	48,449,702	93,514,367	(7,931,930)
Total OPEB Liability - beginning	426,575,233	413,488,252	497,739,134	465,746,065	417,296,363	323,781,996	331,713,926
Total OPEB Liabilty - ending	$ 455,474,607	$ 426,575,233	$ 413,488,252	$ 497,739,134	$ 465,746,065	$ 417,296,363	$ 323,781,996
Covered employee payroll	$ 102,343,354	$ 97,120,419	$ 91,240,988	$ 86,040,283	$ 84,064,514	$ 81,335,258	$ 76,494,781
Total OPEB Liability as a percentage of covered employee payroll	445.05%	439.22%	453.18%	578.50%	554.03%	513.06%	423.27%
Discount rate	4.21%	4.13%	3.54%	2.16%	2.21%	3.51%	3.87%

Notes to Schedule:

This schedule is intended to show information for 10 years - additional information will be displayed as it becomes available.

Trust Assets
There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No.75 to pay related benefits.

Changes of Assumptions and Chnages in Benefits Terms
Aging subsidy has been added to the post-65 periods as a reflection of healthcare costs that vary by age (higher cost as the participant gets older). This change caused an increase in the District's liability.

Mortality improvement scale has been updated from MP-2018 and MP-2020 to MP-2021.

Health care trend rates have been updated as follows, which caused an increase in the District's liability.

a. Medicare Part B trend rates have been updated to 6.16% increase from 2024 to 2025, followed by projected Part B premium increases shown in the 2023 Medicare Trustees report, and decreasing gradually to an ultimate rate of 4.14% by 2076.

See Paragraph on Required Supplementary Information Included in Auditor's Report

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 231,391,038
Add: Prior year's encumbrances	215,922
Final Budget	$ 231,606,960

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-2025 voter approved expenditure budget		$ 241,343,722
Maximum allowed (4% of 2024-2025 budget)		$ 9,653,749
General fund fund balance subject to Section 1318 of Real Property Tax Law		
Assigned fund balance	$ 2,095,297	
Unassigned fund balance	9,584,592	
Total unrestricted fund balance		11,679,889
Less:		
Appropriated fund balance	1,435,000	
Encumbrances	660,297	
Total adjustments		2,095,297
General fund fund balance subject to Section 1318 of Real Property Tax Law		$ 9,584,592
Actual percentage		3.97%

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2024

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2024
			Prior Year's	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
2016-17 Interfund Transfer	$ 550,000	$ 550,000	$ 338,011	$ 211,989	$ 550,000	$ -	$ -	$ -	$ 550,000	$ 550,000	$ -
2019-20 Interfund Transfer - Miscellaneous Projects	3,000,000	3,000,000	1,306,100	383,243	1,689,343	1,310,657			3,000,000	3,000,000	1,310,657
2021-22 Interfund Transfer - Career and Technical Ed, Solar Initiative, Security	950,000	950,000	820,501		820,501	129,499			950,000	950,000	129,499
2022-23 Interfund Transfer - Career and Technical Ed	1,500,000	1,500,000	690,296	731,103	1,421,399	78,601			1,500,000	1,500,000	78,601
2023-24 Interfund Transfer - Bay Elementary Addition	329,962	329,962		59,452	59,452	270,510			329,962	329,962	270,510
2023-24 Interfund Transfer - Miscellaneous Projects	1,170,038	1,170,038		40,043	40,043	1,129,995			1,170,038	1,170,038	1,129,995
2015 Capital Reserve - Medford Windows	511,752	443,622	443,308		443,308	314			443,622	443,622	314
2015 Capital Reserve - River Roof		129,390	129,231		129,231	159			129,390	129,390	159
2015 Capital Reserve - HS Roof and Tennis Courts		1,469,361	1,454,211		1,454,211	15,150			1,469,361	1,469,361	15,150
2015 Capital Reserve - Security		745,944	735,758		735,758	10,186			745,944	745,944	10,186
2018 Capital Reserve - Residual Equity Transfer Back to General Fund		791,460	791,460		791,460	-			791,460	791,460	-
2018 Capital Reserve - Projects Approved 5/21/2019	2,500,000	2,500,000	1,962,166		1,962,166	537,834			2,500,000	2,500,000	537,834
2018 Capital Reserve - Bay Elementary Addition	8,570,038	8,570,038			-	8,570,038			8,570,038	8,570,038	8,570,038
2022 Capital Reserve - Bay Elementary Addition	5,000,000	5,000,000		216,487	216,487	4,783,513			5,000,000	5,000,000	4,783,513
Leases	224,791	224,791		224,791	224,791	-	224,791			224,791	-
TOTAL	$ 24,306,581	$ 27,374,606	$ 8,671,042	$1,867,108	$ 10,538,150	$ 16,836,456	$ 224,791	$ -	$ 27,149,815	$ 27,374,606	$ 16,836,456

See Paragraph on Other Supplementary Information Included in Auditor's Report

PATCHOGUE-MEDFORD UNION FREE SCHOOL DISTRICT
OTHER SUPPLEMENTARY INFORMATION
SCHEDULE OF NET INVESTMENTS IN CAPITAL ASSETS
JUNE 30, 2024

Capital assets, net		$ 106,142,430
Intangible lease assets, net		185,285
Add:		
Deferred amounts on refunding		232,948
Deduct:		
Capital projects fund accounts payable		36,036
Short-term portion of bonds payable, inclusive of unamortized premium	$ 9,432,822	
Long-term portion of bonds payable, inclusive of unamortized premium	25,372,000	34,804,822
Short-term portion of lease liability	$ 54,515	
Long-term portion of lease liability	130,770	185,285
Short-term portion of energy performance contract debt payable	$ 747,752	
Long-term portion of energy performance contract debt payable	4,030,058	4,777,810
Net investment in capital assets		$ 66,756,710

R.S. ABRAMS & CO., LLP
Accountants & Consultants for Over 75 years

Robert S. Abrams
(1926-2014)

Marianne E. Van Duyne, CPA
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Patchogue-Medford Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the fiduciary fund of the Patchogue-Medford Union Free School District (the "District") as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.S. Abrams & Co., LLP

R.S. Abrams & Co., LLP
Islandia, NY
October 17, 2024